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March 17, 2014

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Maryland
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Via Email and Overnight Delivery

Rebecca Goldman, Health Policy Analyst
Certificate of Need Division
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

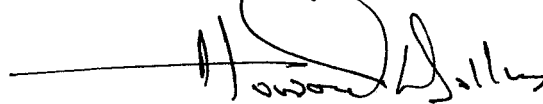
Re: **Rockville Eye Surgery, LLC d/b/a Palisades Eye Surgery Center**
Matter No. 14-15-2352
Response to Second Set of Completeness Questions

Dear Ms. Goldman:

With this letter, we are submitting the required ten (10) copies of responses to the Second Set of Completeness Questions referenced in your March 5th letter regarding the above-referenced project. We will also provide an electronic copy of our response and exhibits.

I hereby certify that a copy of this response has also been forwarded to the appropriate local health planning agency, as noted below.

Sincerely,



Howard L. Sollins

HLS:tjr

Enclosures

cc: Ulder Tillman MD, MPH
Health Officer, Montgomery County
Kevin McDonald, Chief
Maryland Health Care Commission
Ms. Ruby Potter
Health Facilities Coordination Officer
Penelope Williams, RN, MS/MHA
Andrew Solberg, CON Consultant
A.L.S. Healthcare Consultant Services
John J. Eller, Esquire

**Palisades Eye Surgery Center
Matter Number 14-15-2352
Responses to Completeness Questions
Received on 3/5/14**

Part III - Consistency with General Review Criteria at COMAR 10.24.01.08G(3)

1. Regarding COMAR 10.24.10.04A(2), Charity Care Policy and PESC's response to question 2:

- a. Based on the information provided in PESC's last response dated February 18, please explain why there was a substantial increase in the amount of charity care given in 2013, compared to 2011 and 2012.**

One factor contributing to the increase in Charity Care in 2013 is related to a change in anesthesia providers. Prior to 2013, PESC contracted with an outside group to provide anesthesia services. The providing group limited the number of charity cases per physician to 3 cases or \$750, annually. On April 1, 2013, PESC hired an anesthesia provider. By doing so, PESC has more flexibility to reduce the anesthesia care fee for eligible patients.

A review of provider detail information available in Allscripts EHR system, provided through PESC's billing company, shows that several charity cases were provided by new surgeons who were not credentialed to perform surgery at the Center before 2013. In other cases, the data show two glaucoma specialists, Dr. Kane and Dr. Mayer, accounted for 48% of the charity care volume. In part, this may be due to new technology utilized to treat glaucoma patients. In 2013, PESC purchased an Endoscopic Cyclophotocoagulation (ECP) laser, which is a specialized technique performed to reduce the amount of fluid produced in the eye, thus lowering eye pressure. Furthermore, PESC implemented another new technique for lowering eye pressure in glaucoma patients, iStent®. iStent® was FDA approved in 2013 and is currently reimbursed by a select number of insurance carriers (Medicare, United Healthcare, Aetna and BlueCross). For patients benefiting from this procedure, not covered under by an approved

payer, or those who meet financial eligibility, the \$975 stent and partial cost of the procedure is provided at no cost.

While the Center has a history of donating approximately \$5,000 - \$8,000 annually in medical supplies and equipment to two principal surgeons who donate their time on medical mission trips outside the United States, this amount was not factored into the 2013 calculation for charity care provided.

b. Please provide a copy of the Center's outreach plan to target a population in need (as described on page 2 of the completeness responses dated February 18). When was this plan developed and when did it take effect? How were specific goals and benchmarks in the plan set?

The Center's outreach plan was written in response to the State Health Plan Standard and PESC began implementing it in January of 2014. To meet state guidelines, (1.2% of annual operating expenses) providing approximately 75 cataract surgeries would meet the 2018 projections. (The figure used in the Completeness Questions, submitted in February 2014 was 80 surgeries, but the Total Operating Expenses declined in the revised Table 3 attached as Exhibit 2 to this filing. The goal is 1.2% of annual operating expenses, so the actual amount of charity care will vary as expenses change.) As revised Table 3 shows, PESC projects its total operating expenses in 2018 to be \$7,761,060. Cataracts generally (though not always) develop at the same time, in each eye, requiring surgery. The facility fee for cataract surgery is \$1,253.00 per eye. Providing approximately 75 cataracts (37.5 patients/75 eyes) would meet the 2018 projected goal. ($75 \times \$1,253 = \$93,975$; $\$93,975 / \$7,761,060 = .0121$) Table 3 shows PESC doing exactly 1.2% of total operating costs, or \$93,133.

PESC's surgeons have discussed PESC's charity care initiative and support meeting this goal. PESC's Director has provided a written copy of the policy to surgeons and to their Surgical Coordinators. These physicians serve an economically diverse patient population, and

PESC will work with each of the practices to reach patients in need. Two of the surgical groups (Visionary Ophthalmology and Washington Eye Consultants) submitted letters supporting PESC's charity care goals. (See Responses to Completeness Questions Received on 1/17/14, Exhibit 2) All of the surgeons perform cataract surgery, and meeting this goal is reasonable. PESC will encourage its surgeons to bring patients to the facility who meet the center's Medical Financial Assistance Program Policy guidelines.

Two methods for tracking and monitoring the program have been established. First, a Charity Care accounting line item was created in the business chart of accounts. Monthly financial reports are prepared and submitted to the Center's Board of Directors and reviewed. The Finance Committee is charged with reviewing all income and expenses and is responsible for monitoring the status of charity contributions to ensure the goal is met. Secondly, all charity care cases are documented on the patient procedure fee ticket and submitted to the billing company on a daily basis, so that these patients are not billed for the procedure. Information regarding the patient case, including fees is entered into the Allscripts EHR system. PESC's Director reviews procedural and financial reports before submitting them to all practice partners, on a monthly basis. Through these reports, the Center Director is able to consistently work with the surgeons who have committed to provide cataract treatment and surgery to their patients requiring financial assistance.

In addition, PESC is taking the outreach plan outside of their practice family and reaching out to the community. With a career history and vested interest in public health, the Center Director is continuously building relationships with partners of mutual interest and concern. In addition to collaborating with area schools as a preceptor site for nursing and medical assist students, PESC is building collaborative relationships with community health

centers and organizations to meet the direct eye care needs of medically under-served and underinsured in Montgomery County.

As described in the Completeness responses, PESC has scheduled a meeting to collaborate with Dr. William Flynt, Chief executive officer of Community Health Integrated Partnership, a non-profit organization that provides high-quality primary care and health-related services for medically under-served persons in Montgomery and northern Prince Georges Counties. PESC anticipates they will participate in the partnership screenings and act as a referral site for low income patients who need ophthalmic treatment or surgery.

2. Regarding COMAR 10.24.11.05B(2), Need and PESC's response to question 3:

- a. There appear to be miscalculations in Table C Revised on page 4 and 5. The total volumes listed for years 2014 through 2018 do not equal the sum of their parts.**

Please rectify these discrepancies and provide a revised Table 1 and Table 3 if necessary.

A corrected Table C follows:

**Table C Revised (Corrected)
Projected Need for ORs at PESC
2014-2018**

	2011	2012	2013	Basis for Projections	2014	2015	2016	2017	2018
Chu	311	227	335	CAGR	348	361	375	389	403
Clinch	603	740	694	CAGR	745	799	857	919	986
Frank	258	263	323	CAGR+ 3 from Suburban in 2015	361	407	456	510	571
Kane	216	252	276	CAGR	312	353	399	451	509
Kang	467	571	534	CAGR	571	611	653	698	747
Martinez	562	530	477	Stable at 2013 levels	477	477	477	477	477
Pluznik	300	345	376	CAGR	421	471	528	591	661
Allen	80	77	107	CAGR	124	143	166	191	221
Fischer	136	164	128	CAGR	124	120	117	113	110
Gupta	30	1	35	CAGR	38	41	44	48	51
Mayer	89	138	173	CAGR+ 70 from Friendship in 2015	241	406	566	790	1,101
Vicente	1			CAGR	-	-	-	-	-

	2011	2012	2013	Basis for Projections	2014	2015	2016	2017	2018
Zeller	21	22	23	CAGR + 260 from Shady Grove in 2015	24	285	298	312	327
Green-Simms		1	36	5%, 15% + 27 from Friendship, 25%, 15%	38	70	88	101	116
Nguyen		10	16	5%, 15%, 25%, 15%, 15%	17	19	24	28	32
Cremers			12	5%, 15% + 9, 25%, 15%, 15%	13	23	29	34	39
Chaudhary			3	5%, 15% + 39 from Friendship, 25%, 15%, 15%	3	43	53	61	70
Gess			16	5%, 15% + 2 from G.W., 25%, 15%, 15%	17	21	27	31	35
Yin			9	5%, 15%, 25%, 15%, 15%	9	13	16	18	21
Schor				5%, 15%, 25%, 15%, 15%	17	19	24	28	32
Ghafouri				Phase in of 850 Cases	100	600	800	850	850
Totals	3,074	3,341	3,573		3,999	5,284	5,997	6,640	7,361
Avg Minutes/Case			25		25	25	25	25	25
Total OR Minutes			89,325		99,974	132,095	149,914	166,000	184,037
Turn Around Time in Minutes/Case			15.0		15	15	15	15	15
Total TAT in Minutes			53,595		59,984	79,257	89,948	99,600	110,422
Total OR and TAT Minutes			142,920		159,959	211,352	239,862	265,601	294,459
Optimal Capacity/OR			97,920		97,920	97,920	97,920	97,920	97,920
Needed Ors			1.46		1.63	2.16	2.45	2.71	3.01

As a result of these corrections, a corrected Table 1 is attached as Exhibit 1, and a revised Table 3 is attached as Exhibit 2.

- b. The affirmations in Exhibit 3 do not include two surgeons for which PESC is projecting increased caseloads. Please provide similar affirmations from Drs. Cremers and Schor.**

See Exhibit 3.

Exhibits

1. Corrected Table 1
2. Corrected Table 3
3. Physician Letters
4. Affirmations

Exhibit 1

Corrected Table 1

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
1. Admissions							
a. ICF-MR							
b. RTC-Residents							
Day Students							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
2. Patient Days							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
3. Average Length of Stay							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
4. Occupancy Percentage*							
a. ICF-MR							
b. RTC-Residents							
c. ICF-C/D							
d. Other (Specify)							
e. TOTAL							
5. Number of Licensed Beds*							
a. ICF-MR							

b. RTC-Residents								
c. ICF-C/D								
d. Other (Specify)								
e. TOTAL								
6. Home Health Agencies								
a. SN Visits								
b. Home Health Aide								
c. Other Staff								
d.								
c.TOTAL.								
7. Hospice Programs								
a. SN visits								
b. Social work visits								
c. Other staff visits								
d.								
e. Total patients served.								
8. Ambulatory Surgical Facilities								
a. Number of operating rooms (ORs)	1	1	1	1	3	3	3	3
• Total Procedures in ORs	3,657	4,670	5,599	5,538	7,317	8,304	9,195	10,194
• Total Cases in ORs	3,074	3,341	3,573	3,999	5,284	5,997	6,640	7,361
• Total Surgical Minutes in ORs**	85,151	114,120	89,325	99,974	132,095	149,914	166,000	184,037
b. Number of Procedure Rooms (PRs)	1	2	2	2	2	2	2	2
• Total Procedures in PRs	833	1,693	2,055	2,157	2,697	2,967	3,263	3,590
• Total Cases in PRs	717	778	863	906	1,133	1,246	1,370	1,507
• Total Minutes in PRs**	8,300	16,960	20,550	17,271	21,598	23,752	26,121	28,733

Exhibit 2

Revised Table 3

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TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018
1. Revenue								
a. Inpatient Services								
b. Outpatient Services	\$6,422,073	\$7,222,270	\$8,116,857	\$8,570,276	\$9,879,981	\$12,255,137	\$14,060,292	\$16,128,584
c. Gross Patient Services Revenues	\$6,422,073	\$7,222,270	\$8,116,857	\$8,570,276	\$9,879,981	\$12,255,137	\$14,060,292	\$16,128,584
d. Allowance for Bad debt	\$25,351	\$35,513	\$35,271	\$37,035	\$42,590	\$53,238	\$61,223	\$70,407
e. Contractual Allowance	\$2,157,829	\$2,495,020	\$3,207,410	\$3,367,781	\$3,872,948	\$4,841,185	\$5,567,363	\$6,402,467
f. Charity Care	\$16,921	\$13,324	\$37,335	\$55,188	\$70,098	\$79,046	\$85,595	\$93,133
g. Net Patient Services Revenue	\$4,221,972	\$4,678,413	\$4,836,841	\$5,110,272	\$5,894,345	\$7,281,668	\$8,346,111	\$9,562,577
h. Other Operating Revenues (Specify)		\$443,475	\$480,575	\$509,354	\$588,170	\$725,743	\$831,298	\$951,925
i. Net Operating Revenues	\$4,221,972	\$5,121,888	\$5,317,416	\$5,619,626	\$6,482,515	\$8,007,411	\$9,177,409	\$10,514,502

Table 3 cont.	Two Most Recent Actual Years		Current Year Projected	Projected Years (ending with first year at full utilization)				
Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018
2. Expenses								
a. Salaries, Wages, And Professional Fees, (including fringe benefits)	\$834,731	\$791,128	\$1,029,018	\$1,069,342	\$1,615,787	\$1,662,571	\$1,662,571	\$1,662,571
b. Contractual Services	\$84,172	\$123,404	\$26,754	\$30,717	\$53,508	\$53,508	\$53,508	\$53,508
c. Interest on Current Debt	\$10,284	\$6,657	\$2,671					
d. Interest on Project Debt			\$0	\$131,855	\$115,837	\$98,861	\$80,863	\$61,782
e. Current Depreciation	\$107,478	\$37,411	\$112,000	\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
f. Project Depreciation			\$0	\$94,070	\$186,530	\$186,530	\$186,530	\$186,530
g. Current Amortization	\$10,069	\$10,069	\$10,069					
h. Project Amortization			\$0	\$98,111	\$186,153	\$186,153	\$186,153	\$186,153
i. Supplies	\$1,747,149	\$2,343,367	\$2,302,359	\$2,436,027	\$2,803,844	\$3,495,336	\$4,016,330	\$4,614,710
j. Other Expenses (Specify)	\$496,816	\$628,258	\$659,473	\$626,882	\$767,833	\$792,233	\$834,991	\$883,806
k. Total Operating Expenses	\$3,290,699	\$3,940,294	\$4,142,344	\$4,599,004	\$5,841,492	\$6,587,192	\$7,132,946	\$7,761,060
3. Income								
a. Income from Operation	\$931,273	\$1,181,594	\$1,175,072	\$1,020,622	\$641,023	\$1,420,219	\$2,044,463	\$2,753,442
b. Non-Operating Income								
c. Subtotal	\$931,273	\$1,181,594	\$1,175,072	\$1,020,622	\$641,023	\$1,420,219	\$2,044,463	\$2,753,442
d. Income Taxes								
e. Net Income (Loss)	\$931,273	\$1,181,594	\$1,175,072	\$1,020,622	\$641,023	\$1,420,219	\$2,044,463	\$2,753,442

[illegible]

Exhibit 3

Physician Letters

I Sandra Creemers affirm that I have reviewed and
print name
agree with my anticipated case projections, to be performed at Palisades Eye
Surgery Center.

Name Sandra In Creemers MD Date 3/13/14
FACD

March 10, 2014

I Kenneth Scher affirm that I have reviewed and
print name

agree with my anticipated case projections, to be performed at Palisades Eye

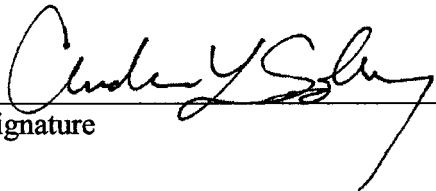
Surgery Center.


Name

3/11/14
Date

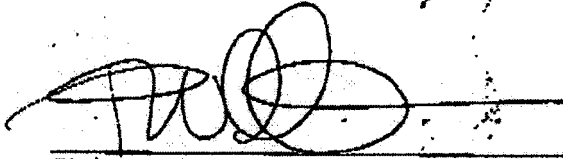
Exhibit 4
Affirmations

I hereby declare and affirm under the penalties of perjury that the facts stated in this Completeness and Additional Information response are true and correct to the best of my knowledge, information, and belief.


Signature

3/14/14
Date

I hereby declare and affirm under the penalties of perjury that the facts stated in this Completeness and Additional Information response are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, consisting of a series of loops and a horizontal line extending to the right.

Signature

March 14, 2014

Date